



ASX Announcement

28 April 2017

Quarterly Activity & Cashflow Reports for Quarter ending 31 March 2017

ACN 139 255 771
ABN 82 139 255 771

Level 4, 100 Albert Road
South Melbourne VIC 3205

Contact:

Phone: +61 (0)3 9692 7222
Fax: +61 (0)3 9077 9233
info@celamin.com

Board of Directors:

Martin Broome, Chairman
Nic Clift, Non-Executive Director
Sue-Ann Higgins, Non-Exec Director
Tim Markwell, Non-Exec Director

Company Secretary

Melanie Leydin

Securities on Issue

CNL: 993,171,986 ordinary shares
CNLCA: 14,887,796 partly paid shares

Summary:

- **Celamin continues to focus on restitution of its interest in Chaketma Phosphates SA**
 - **International Arbitration of the dispute with its joint venture partner, Tunisian Mining Services is progressing**
 - **Legal actions also continue in the Tunisian courts**
 - **Seizure order obtained**
 - **Shares remain suspended from trading on ASX**
-

Phosphate exploration and development company Celamin Holdings NL (ASX: CNL) (Celamin, the Company) presents details of its activities for the Quarter ending 31 March 2017.

Celamin has been focused on the exploration and development of the Chaketma Phosphate Project in Tunisia. The Chaketma Project is a potential large scale phosphate development asset, which comprises six prospects over a total area of 56km². It hosts a total JORC compliant Inferred Resource of 130Mt @ 20.5% P₂O₅, confirmed from drilling at only two of the project's six prospects.

Results from metallurgical test work conducted to date have confirmed the potential for the project to produce a saleable high-grade phosphate concentrate. The project is also well positioned relative to major infrastructure requirements, such as rail, road and ports.

Joint Venture Dispute

The Chaketma Phosphate Permit is held by Chaketma Phosphates SA ("CPSA"). CPSA is the operating company responsible for development of the Chaketma Project. Celamin's wholly-owned subsidiary, Celamin Limited, remains in dispute with its joint venture partner, Tunisian Mining Services ("TMS"), regarding ownership and control of CPSA and is pursuing various legal processes to resolve this situation.

The dispute is currently subject to International arbitration by a sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce (ICC) in which Celamin is seeking preservation and recognition of Celamin's rights, including restitution of its shares in CPSA and compensation for damages suffered.

On the basis of strong documentary evidence, Celamin disputes the existence of any default on the part of Celamin Limited and considers that there has been a wrongful and ineffective transfer and purported expropriation of Celamin Limited's shares in CPSA. Celamin therefore considers that it remains the rightful owner of its 51% shares in CPSA. Celamin remains committed to pursuing return of its interest in CPSA and the Chaketma Project and believes early resolution of this dispute is in the best interests of all parties and Tunisia and its people. The Chaketma Phosphate Project is a world class asset and Celamin believes it is best placed to manage the Project to ensure that it proceeds to development.

Celamin is also continuing with various other legal actions in Tunisia including the criminal proceedings and debt recovery actions as previously announced.

Arbitration Update:

Subsequent to the end of the quarter, the Company announced on 6 April 2017 that Celamin Limited had obtained a conservatory seizure order from the President of the Tribunal of First Instance of Tunisia against all shares that TMS owns in the capital of CPSA, (being the 49% of CPSA previously held by TMS as well as the 51% of CPSA shares fraudulently taken from Celamin by TMS). This Seizure Order prevents TMS from dealing with any of these shares and subject to determination of an opposition application by TMS, will remain in place until enforcement of the final arbitral award.

TMS have filed an application for cancellation of the Seizure Order, however, the Seizure Order will remain in effect unless TMS' application is eventually successful.

The Seizure Order is another step that Celamin has taken to ensure that its interests in CPSA are preserved until the Arbitration of its dispute is concluded, when Celamin expects to resume control of the project to the benefit of all legitimate stakeholders.

The arbitration of the Dispute by the sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce is continuing. Celamin has completed and filed its statement of claim and supporting documentation for the main dispute and TMS have filed their reply. Further exchanges of documentation are scheduled prior to a final hearing of the dispute which currently set down for June 2017.

Funding:

In the first quarter of FY17, the Company announced it had secured a loan facility from two major shareholders: African Lion 3 Limited (AFL) and Polo Resources Limited (Polo) to provide Celamin with the liquidity to continue arbitration, legal actions in Tunisia and for general working capital purposes.

The facilities are based on commercial terms and have been separately negotiated on an arm's length basis; each for a principle amount of up to US\$400,000, for a total of US\$800,000 ("Facilities").

During the quarter the remaining US\$440,000 was drawn down.

As at 31 March 2017, the balance of the Facilities available to be drawn down was US\$Nil and further funding alternatives are being pursued.

Other Activities:

As stated in the previous Quarter, the Board continued to review new project opportunities, including new projects in Tunisia, and potential transactions with a view to identifying projects and/or transactions that have the ability to add shareholder value as well as considering alternative forms of funding for the Company. This review is ongoing.

Celamin has secured an exclusive option on two exploration permits in South-West Tunisia prospective for potash and salt and has also made other applications for base metal exploration permits.

Background to the Arbitration:

Celamin has been the sole funder of the Chaketma Phosphate Project providing US\$8.6M of funding to December 2014. Celamin's partner, TMS, has been beneficiary of 50% of this project expenditure, as the largest service provider, using equipment purchased with loans from Celamin.

On 21 October 2014, the Director General of CPSA, without seeking the required approval from the CPSA Board, made a US\$3.3M cash call directed to Celamin Limited for funding of the Chaketma feasibility study. CPSA already held an excess of funds above requirements at that time, and, in Celamin Limited's view, no cash call was justified.

Celamin Limited objected to this cash call and, after negotiations, TMS and Celamin Limited entered into an agreement dated 10 December 2014 to reduce the cash call to US\$2M and extend the due date for payment until 15 January 2015, in the expectation of agreement being reached in the first quarter of 2015 on the choice of engineering contractor and the terms of their engagement for conducting the feasibility study for the Chaketma Phosphate Project.

Celamin deposited US\$2M into CPSA's Tunisian bank account on behalf of Celamin Limited in payment of the cash call, receipt of which was confirmed by both CPSA's bank and the Director General of CPSA on 13 January 2015.

On 19 January 2015 the Director General issued a notice of default to Celamin Limited for failure to pay the US\$2M cash call by the due date ("alleged default"), rejecting payment by Celamin on Celamin Limited's behalf despite this payment meeting Tunisian legal requirements and having been made in exactly the same manner as one of the two previous cash calls. Celamin Limited objected to the default notice and the action by the Director General and called a Board meeting scheduled for 9 March 2015 for the purpose of reversing these actions. Due to subsequent events this Board meeting was not held.

Within 24 hours after receipt of the default notice, TMS indicated that it would not be acting on that notice and the Director General and TMS continued working collaboratively with Celamin in progressing the Chaketma Phosphate Project.

On 3 March 2015 the Company was advised by the then Chairman of CPSA, Mr David Regan, that he had received notice from the Director General of CPSA to the effect that Celamin Limited's shares in CPSA had been transferred to TMS on 13 February 2015. Celamin requested a voluntary trading halt on its shares from trading on ASX on 4 March 2015. The shares remain suspended from trading on ASX.

Following initial legal investigations, the Company understands that the Director General (without Celamin's knowledge and without any authority from the CPSA Board) has purported to transfer Celamin Limited's shares to TMS on the basis of the alleged default.

The Company disputes the existence of any default on the part of Celamin Limited and asserts that Celamin Limited's shares in CPSA have been transferred without any legal basis.

The US\$2M deposited by Celamin for the cash call, which remained in a Tunisian bank account in CPSA's name for a period of over three months, was received back into Celamin's bank account in Australia on 27 April 2015, transferred from the Tunisian bank of CPSA at the instigation of the DG of CPSA after having declared the "default". Celamin received no communications from TMS or CPSA in relation to the transferred funds.

Previous cash calls totalling US\$1.7m were provided as loan funds from Celamin Limited to CPSA prior to 31 December 2014, for the purpose of funding the Chaketma Phosphate Project feasibility study. As at 31 January 2015 US\$1.4m of these loan funds remained in CPSA's Tunisian bank account.

For further information or enquiries, please contact:

Melanie Leydin

Company Secretary

T: (03) 9692 7222

E: mleydin@leydinfreyer.com.au

Lists of Tenements Held

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest Disposed/farm-out during the quarter
Chaketma	Tunisia	- %*		- * (see below)

*** The Chaketma Phosphate Permit is 100% held by CPSA. Prior to 13 February 2015, Celamin held 51% of CPSA and the transfer of its interest in CPSA to TMS is the subject of legal actions as detailed in this Report.**

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CELAMIN HOLDINGS NL

ABN

82 139 255 771

Quarter ended ("current quarter")

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(60)
(e) administration and corporate costs	(396)	(942)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(395)	(1,001)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	585	1,062
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	585	1,062

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	54	179
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(395)	(1,001)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	585	1,062
4.5 Effect of movement in exchange rates on cash held	(18)	(14)
4.6 Cash and cash equivalents at end of period	226	226

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	226	54
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	226	54

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Nil

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Nil

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	585
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 20 June 2016 the Company announced it has secured a loan facility of \$US800,000 from two major shareholders: African Lion 3 Limited (AFL) and Polo Resources (Polo) at an interest of 15% per annum.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	17
9.5 Administration and corporate costs	279
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	296

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 28 APRIL 2017

Company Secretary

Print name:

MELANIE LEYDIN

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.